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IN THE UNITED STATES BANKRUPTCY COURT

EASTERN DISTRICT OF CALIFORNIA

FRESNO DIVISION

In re

CASE NO. 17-13797

TULARE LOCAL HEALTHCARE
DISTRICT, dba TULARE REGIONAL
MEDICAL CENTER,

Chapter 9

DC No.: WJH-3

Debtor.

Tax ID #: 94-6002897
Address: 869 N. Cherry Street
Tulare, CA 93274

**DECLARATION OF DANIEL R. HECKATHORNE IN SUPPORT OF DEBTOR'S
OBJECTION TO PROOF OF CLAIM NUMBER 187 IN THE AMOUNT \$2,513,810
FILED BY THE DEPARTMENT OF HEALTH CARE SERVICES
ON APRIL 3, 2018**

DECLARATION OF DANIEL HECKATHORNE IN
SUPPORT OF DEBTOR'S OBJECTION TO
PROOF OF CLAIM NUMBER 187

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DECLARATION OF DANIEL R. HECKATHORNE

1. My name is Daniel R. Heckathorne. I am the interim Chief Financial Officer of the Tulare Local Healthcare District (the "District"). The Board of Directors ("Board") of the District appointed me to the position of Interim Chief Financial Officer at the meeting of the Board of Directors conducted on November 7, 2017, which was documented in Resolution No. 855 signed by the Secretary of the Board on November 10, 2017. I am authorized to make this declaration on behalf of the District. If called upon as a witness, I could and would competently testify to the facts set forth herein.

2. As the Interim Chief Financial Officer of the District, my duties include overseeing accounting functions, budgets, financial risk management and financial statements, as well as reporting on financial performance. I also oversee areas related to patient accounting and revenue cycle management, cash management processes including billing, collections, accounts receivable, accounts payable, and financial reporting and month-end close processes, which includes payment and reconciliation of Medicare and Medicaid (Medi-Cal) reimbursements. As part of those duties, I am familiar with the District's business records related to my job duties. This declaration is based on matters of my own personal knowledge or knowledge I have gained from a review of the District's business records, which I believe have been maintained in the ordinary course of the District's business and which were made at or near the time of the acts or events recorded therein by, or from information transmitted by, a person with knowledge of the acts or events who had personal knowledge of the event and had or has a business duty to record such event accurately.

3. I have read and reviewed the Proof of Claim filed by the Department of Health Care Services ("DHCS") in the amount of \$2,513,810 ("Claim"), a true and correct copy of which is attached as Exhibit "A" to my declaration. Based on my review of the Claim, it is my understanding that DHCS asserts that it is owed the following amounts: (a) \$2,084,815 for an overpayment for fiscal year ended ("FYE") June 30, 2008 pursuant to the Office of Administrative Hearings and Appeals' Final Decision

1 signed on December 19, 2014; (b) \$59,266 for an overpayment for hospital operations
2 for FYE June 30, 2012; (c) \$62,638 for an overpayment for hospital operations for FYE
3 June 30, 2013; (d) \$34,908 for an overpayment for hospital operations for FYE June 30,
4 2014; (e) an estimated amount of \$2,836 for an overpayment for hospital operations for
5 FYE June 30, 2015; (f) possible overpayments in amounts to be determined after
6 completion of the audits for FYE June 30, 2016, June 30, 2017, and June 30, 2018; and
7 (g) overpayment of \$269,347 under the EHR Incentive Program.

8 4. Based on my review of the District's book and records, my understanding
9 of Medi-Cal's practice of recovering amounts that it determines have been overpaid to a
10 provider through setoff or recoupment by withholding such amounts from other
11 payments that are due to the provider and to the best of my knowledge, I believe that:
12 (a) the District repaid the \$2,084,815 overpayment for FYE June 30, 2008 referenced in
13 the Claim through money withheld by the DHCS from payments due to the District
14 between 2010 and 2015; (b) the District repaid the asserted overpayments for hospital
15 operations of \$59,266 FYE June 30, 2012 and \$62,638 for FYE June 30, 2013, through
16 money withheld by the DHCS from payments due to the District between 2016 and
17 2017; and (c) the asserted overpayment of \$269,347 under the EHR Incentive Program
18 was repaid through an offset of funds due to the District for Year 3 - Program Year of
19 the EHR Incentive Program. The District has submitted cost reports for FYE 2016 and
20 2017, but to the best of my knowledge the District has not been notified by DHCS that
21 these audits have been completed.

22 I declare under penalty of perjury that the foregoing is true and correct.
23 Executed on June 26, 2019.



Daniel R. Heckathorne